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Contributions traced to Power Corp.

POWER *from page B1*

Power spokesman and general counsel Ted Johnson said the three firms are holding companies that have held some of Power's shares, cash and properties over the years.

He said the companies make large political donations because Power spreads its expenses among different corporate entities.

"Essentially expenses go where the cash is. And payments are made by the companies that have the cash," he said. "They're not the only expense that's allocated to these companies."

Mr. Johnson said there is nothing wrong with using the companies to make political donations.

"We comply fully with disclosure requirements and comply fully with proper practice, both in these donations and with other expenses which are paid by these companies," he said.

By spreading the donations among unknown subsidiaries, Power has tended to get little scrutiny as a mid-tier political donor. Canada's major banks usually get far more publicity as the country's largest political donors.

"It's hard to find a more politically connected corporation than Power Corp. in Canada," said Aaron Freeman of citizen's group Democracy Watch, which is opposed to political corporate donations. "So if there was one enormous donation from Power Corp., it would get noticed beyond a doubt."

Power is one of Canada's largest companies, with controlling ownership of such corporate giants as **Great-West Lifeco Inc., London Life Insurance Co.**, and **Investors Group Inc.** It also has extensive European holdings in the communications, utilities and energy sectors.

Power is known for its links to the Liberal Party and executive vice-president John Rae is Jean Chrétien's senior campaign adviser. It has also consistently given money to the Conservatives, and prominent former Conservative politicians Don Mazankowski and Bill Davis sit on the company's board of directors.

Although Power has not given money to the Canadian Alliance in recent years, Jolliet Energy made a $30,000 donation last year, becoming the party's sixth-largest donor.

Also last year, Power gave $36,570 to the Conservatives, making it the seventh-largest donor. But when combined with $35,000 in donations from Jolliet and Gelprim, Power is the largest corporate donor to the Conservatives, topping the $67,550 given by Royal Bank and its brokerage unit.

Power donated $40,316 to the Liberal party in 1999, making it the 18th-largest donor. When donations from Jolliet and Gelprim are included however, Power is the fourth-largest donor at $89,173.

Power appears to have made donations through Brazeau River only in 1997, an election year, when it gave $50,000 each to the Liberals and Tories.

Power does not disclose any information about Jolliet, Brazeau or Gelprim in its annual report. Mr. Johnson said the companies have been mentioned in press releases in the past when they have been used in business deals.

"They are mentioned as the need arises," he said. "They're properly constituted and properly disclosed companies, and file the proper returns."

Shareholder activist Yves Michaud, who is a shareholder of Power Corp., says he plans to table a motion at the company's next annual meeting asking it to disclose all of its political donations.

"The intention of my association is to put a proposal at the next meeting of Power Corp. to ask for disclosure of any donations, not only of Power Corp. but all its branches and affiliates," Mr. Michaud said.

Corporate cash

Power Corp. donations to political parties

1999	Liberals	Conservatives	Reform	NDP
Power Corp.	$40,316	$36,570		$3,000
Jolliet Energy	$25,000	$25,000	$30,000	
Gelprim Inc.	$23,857	$20,000		
Total for 1999:	**$89,173**	**$81,570**	**$30,000**	**$3,000**

1998	Liberals	Conservatives	Reform	NDP
Power Corp.	$38,407	$39,416		
Jolliet Energy	$25,000	$20,000		
Gelprim Inc.	$20,000	$25,000		
Total for 1998:	**$83,407**	**$84,416**		

1997	Liberals	Conservatives	Reform	NDP
Power Corp.	$31,000	$67,089		
Jolliet Energy	$15,000	$10,000		
Brazeau River	$50,000	$50,000		
Total for 1997:	**$96,000**	**$127,089**		

1996	Liberals	Conservatives	Reform	NDP
Power Corp.	$33,407	$34,014		
Jolliet Energy	$25,000	$25,000		
Total for 1996:	**$58,407**	**$59,014**		
Total donations:	**$712,076**			

THE GLOBE AND MAIL

Mr. Michaud runs the Association for the Protection of Quebec Savers and Investors, which has previously asked the big banks and BCE Inc. to hold votes on its proposal to stop making political campaign donations. None of the votes was successful.

Mr. Freeman of Democracy Watch, who is writing a book on political campaign donations, said companies too often make donations through unknown subsidiaries. The annual lists of corporate donors to the political parties usually contain large lists of numbered companies, he notes.

"Our position is that numbered companies, or companies period, shouldn't be giving donations because it's so easy to hide or obscure who's giving," he said.

"This [Power Corp.] is an example of the kind of obfuscation that can happen in the disclosure regime as long as you've got these large corporate donors."

Jolliet and Brazeau in the past held resource and media properties for Power, and now hold cash and stocks for the company. Neither has separate offices from Power, Mr. Johnson said.

Federal incorporation documents list three directors of Jolliet, including lawyer Mark R. Smith, and two current directors of Power Corp.: Mr. Rae and Michel Plessis-Bélair.

Jolliet was also previously incorporated in 1993 and its five directors were all directors of Power. That incorporation was dissolved in 1997, records indicate.

Brazeau River's board includes Mr. Rae, Mr. Smith, Mr. Mazankowski and deputy Power chairman James Burns. It is listed on federal documents as a predecessor of Jolliet, although it also is still actively incorporated.

Gelprim, meanwhile, is located in Montreal at the same address as Power. Federal records show it has three directors, including Mr. Rae and Mr. Plessis-Bélair.

Mr. Johnson said Gelprim, unlike the other two holding companies, maintains its own office at Power's headquarters.

IN BRIEF

TECHNOLOGY

Jitec CEO steps down temporarily

Banned by securities authorities from trading in his own company's stock and facing an investigation, the head of Montreal-area high-tech firm **Jitec Inc.** has temporarily stepped aside, the company said yesterday. Jitec's president and chief executive officer, Benoit Laliberté, slapped with an indefinite ban Friday from trading in Jitec stock by the Quebec Securities Commission, "has decided to withdraw temporarily from the board and from all his administrative duties," a company statement said. The QSC says it has been probing apparently unusual trading patterns of stock in Jitec, which went public on July 26, and alleged in its cease-trading order Friday that Mr. Laliberté had failed to disclose all of his trading activities in Jitec as required by securities rules. The firm, which sells low-cost computer networking systems that are connected to high-powered servers, said vice-president of operations Michel Brown would take over Mr. Laliberté's responsibilities, and Mr. Laliberté would contest the allegations made by the QSC at a hearing this week.

FINANCIAL INSTITUTIONS

Regulators approve B.C. credit union merger

The B.C. Financial Institutions Commission has formally approved the merger of two large B.C. credit unions, **Richmond Savings Credit Union** and **Pacific Coast Savings Credit Union**. Pacific Coast members will vote on the merger proposal from Nov. 28 to Dec. 7, while the Richmond Savings vote will run from Nov. 28 to Dec. 6.

FILM INDUSTRY

Technicolor extends bid for Covitec

Technicolor Inc.'s Technicolor Canada Acquisition Corp. affiliate has extended its previously announced takeover offer for **Groupe Covitec Inc.** to Nov. 24 from today. Technicolor has said it will pay a maximum of $60-million to acquire Covitec, a Montreal-based film services supplier. The bid has the support of Covitec's board, which is recommending that shareholders accept the offer. Technicolor is a unit of **Carlton Communications PLC**. The companies said the extension is a result of continued discussions between Technicolor and the Canadian government, which must approve the proposed transaction, under the Investment Canada Act.

BUDGET

Surplus hits $13.5-billion in first six months

Ottawa's surplus for the first six months of the fiscal year was an estimated $13.5-billion, up $5.4-billion from the $8.1-billion surplus recorded in the same period of last year, the Finance Department said yesterday. "These results are in line with the average private sector forecast of the fiscal surplus for 2000-01 of $17-billion," the department said in its Fiscal Monitor for September.

MEDICAL SERVICES

DiagnostiCare sells N.A. imaging unit

DC DiagnostiCare Inc., which operates diagnostic imaging clinics, has agreed to sell its North American Imaging Inc. unit to **ICII Ventures Inc.** of Torrance, Calif., for about $10-million. DC DiagnostiCare of Edmonton said it continues to be in default under its credit facility and is working with its lenders to restructure its debt.

REAL ESTATE

Amica sells Winnipeg property

Amica Mature Lifestyles Inc. has sold its Summerland Apartments property in Winnipeg for $15.7-million. Summerland, a twin-tower 394-suite rental complex, was purchased in January, 1998, for $12.4-million. Vancouver-based Amica said. After adjusting for the mortgage balance owing and closing costs, the transaction generated net cash proceeds of $5.9-million. The company said the sale conforms with its strategy of focusing on operating in the seniors housing sector.

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Announcing two new funds from Northwest Mutual Funds Inc. The Northwest Specialty High Yield Bond Fund managed by Doug Knight of Deans Knight Capital Management Ltd., will seek to generate a high level of income by investing in high yield corporate bonds. Doug Knight is one of Canada's foremost Bond and Income managers. With over 25 years of experience, Doug has been exclusively managing high yield corporate bonds for private clients and now for Northwest.

The Northwest Specialty Innovations Fund managed by Bob McWhirter of Triax Investment Management Inc., will invest in Canadian listed equities with an average market capitalization of $1 billion. Bob was the biggest investor in technology stocks in Canada when he managed over $2.25 billion for Royal Bank Investment Management. After 23 years at the Royal Bank, the respected technology manager joins Northwest's team of portfolio managers.

Specialty Funds

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